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FOREIGN AGRICULTURE

APRIL
1957



CACAO, big crop of the new nation, Ghana.

The Philippine Market

World Wheat Trade Is Growing

Agriculture Is Key To Egypt's Situation



FOREIGN AGRICULTURE

VOL. XXI . . No. 4 . . APRIL 1957

To report and interpret world agricultural developments.



Canada—

A Big Cash Buyer

The Canadian dollar is a solid medium of exchange, and it is being spent liberally by Canada's prosperous citizens. They're paying cash for increasingly large quantities of American farm products, some of which they can't grow because of climate.

Despite their own rich agricultural lands, Canadians are buying more farm products from the United States than we're buying from them. In recent years the score has been \$280-\$300 million of U.S. farm products to Canada annually, \$220-\$250 million of Canadian farm products coming to us.

Because of Canada's phenomenal economic upsurge in the past 12 years, consumers are demanding foods that go with better living standards. (see page 19). Last year, for instance, Canadian customers bought over \$130 million of U.S. fruits and vegetables—principally oranges, grapefruit, lemons, lettuce, tomatoes, and celery.

As further evidence of better living—per capita meat consumption has also gone up, from 50 pounds in 1950 to 75 pounds in 1956, and Canada has become a net importer of livestock.

Fruits and vegetables lead Canada's list of U.S. farm imports. Next in order are cotton; soybeans, soybean oil and meal, cottonseed oil; grains, primarily rice and corn; and meats.

Cover Photograph

Harvesting cacao in Ghana is a family industry. This new West African nation, which celebrated its independence on March 6, bases its economy almost entirely on cacao. Story on page 16.

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Market scene in San José. Stall in foreground, called "sari-sari tienda" because it sells a variety of foods, shows dried fish, coffee, mongo beans, and shrimp.



Courtesy ICA

Will the Philippines

Remain a Market for U. S. Farm Products?

The trade relationship between the United States and the Philippines has been an important one for both countries. The years ahead may see shifts in the kinds of farm products the Philippine Republic buys, but little change in volume.

HISTORICALLY the United States has been the principal source of imported agricultural commodities for the Philippines. The Republic annually imports \$60 million to \$70 million worth of foodstuffs from foreign countries, and of this yearly total, U.S. farm products in recent years have accounted for about half. Three commodities, namely, canned milk, processed meats, and wheat flour, make up slightly more than 80 percent of this half.

But what is the outlook? Will the Philippines continue as an important market for U.S. agriculture—or will this market gradually diminish as the new nation develops?

To answer this question requires examination of all the factors involved

—and even then, the Republic's future agricultural trade cannot be forecast with any accuracy. Too much hinges on intangibles, on potentials that may or may not be realized. And currently one of the most perplexing of these unpredictables is the revised U.S.-Philippine trade agreement. Under this agreement, which went into effect January 1956, U.S. products have to

pay 25 percent of full duty rates. By 1959, these rates will move up to 50 percent, and by 1964, to 75 percent.

Yet duty is only one of many things that have a bearing on the volume and composition of future food imports. Also to be considered are the nation's efforts toward self-sufficiency and the growth of nationalism. Important too are mixing regulations, the development of local food processing industries, and of course, the general economic condition of the country.

Photo by Elton G. Nelson



Harvesting rice in Philippines. Rice is cut and stacked by roadside, preparatory to threshing.

Self-Sufficiency—A Goal

With the motto "Produce at home and save dollars," the Republic is attempting to produce a greater volume of food commodities than ever before. Its efforts have two main goals: first and most important, to reach a point of self-sufficiency in such basic bulk foods as rice, corn, and vegetables; and second, to diversify agriculture so that some of the foodstuffs now being imported can be produced locally in quantity sufficient to take care of domestic needs. The fostering of citrus, coffee, and cacao production illustrates this latter approach. And while none of these changes will occur immediately, some progress can definitely be recorded.

This drive toward self-sufficiency is at the present time of far greater benefit to the producer than to the consumer. Through regulations and controls of the Central Bank various agricultural items have been declared non-essentials—or have been given a low foreign exchange priority. The vacuum created by smaller quantities of imports has given local producers the advantage of no foreign competition. At the same time, low domestic output has permitted them to raise prices.

Among the foods afforded this protection are citrus fruit, pork products, coffee, Virginia tobacco, poultry products, soybeans, and certain other processed foods.

With regard to nationalism, this trend is growing. One manifestation is the demand of native-born Philippine importers that the preponderant share of imports be diverted directly to them. Last year several bills were introduced in the Philippines Congress providing that from 75 to 90 percent of all imports be distributed by Philippine importers. None of these became law. However, measures are being designed to curb the influence of the Chinese in business activities.

The Central Bank—the only source of dollars in the country—in granting exchange allocations gives native-born Filipinos more than 50 percent of foreign exchange available for imports. Moreover, it has been suggested that the National Marketing Corporation, whose purpose is to help Filipino re-

tailers compete against the Chinese and to supply foodstuffs at reasonable prices, be granted additional foreign exchange. This would expand Namarnco's activities and might even result in a type of state trading organization directly competitive with private importers. Namarnco's imports are not subject to taxes or duties. Should it become the only organization with foreign exchange, any changes it might decide to make in sources of food imports would seriously affect the United States' traditional position in this market.

Mixing regulations have not had much influence on imports up to now. Three years ago a cassava flour law was passed, requiring that up to 30 percent of this product be mixed with imported wheat flour to lessen Philippine dependence on imports. So far nothing has come of it. The demand for cassava starch has been sufficiently large to keep producers from turning out any volume of flour. Increasing emphasis on the use of raw materials may result in other types of mixing regulations in the future.

Food processing likewise is being encouraged. Meat products are being processed in small quantities. Soy sauce, fermented soybeans and bean curd are being made from imported soybeans. Peanuts are being converted into butter and other fillings, while jams and jellies, canned vegetables, pork and beans, and similar products are being turned out in limited quantities. This output will undoubtedly increase in coming years.

U.S. Position

Significant as these internal factors are, the provisions of the revised trade agreement may have the greatest effect on U.S. agriculture. As duties increase, the United States must be in a position to compete, in both price and quality. Various foreign suppliers have their eyes on the Philippine market. Western Europe has increased its efforts to move dairy products into the Philippines. Competition between U.S. and Canadian hard wheat flour is keen, whereas soft wheat flour frequently comes up against Australian exports. Additional competition on processed fish may eventually come from Japan.

Likewise, continued efforts to open outlets for canned and processed meats can be expected from Australia, New Zealand, Denmark, and Argentina.

The two U.S. commodities with the best prospects for continued volume sales are wheat flour and dry milk solids. Despite mixing regulations, there is no indication that wheat flour imports will decrease. As for dry milk solids, the Philippine market for this commodity is growing. Two new recombining plants will be completed this summer, and a third will probably start operating next spring. Simultaneously, milk is gaining a more important place in the Filipino diet.

Tariff Changes

If no unforeseen barriers arise, U.S. suppliers should have an equal opportunity to maintain a good share of the Philippine agricultural food market. Present tariffs, based upon the old 1909 schedules, probably will be altered this year by the Philippines Congress. If the new tariff measure takes into consideration the Republic's need to import certain food items and excludes high or restrictive tariffs, then a sizable trade can be expected. If, however, duties are levied at such a high rate that the average Philippine consumer cannot afford to pay the imported food prices, then substantial changes in import patterns could occur. Responsible congressional leaders have already expressed views indicating that tariffs on food will very likely be moderate.

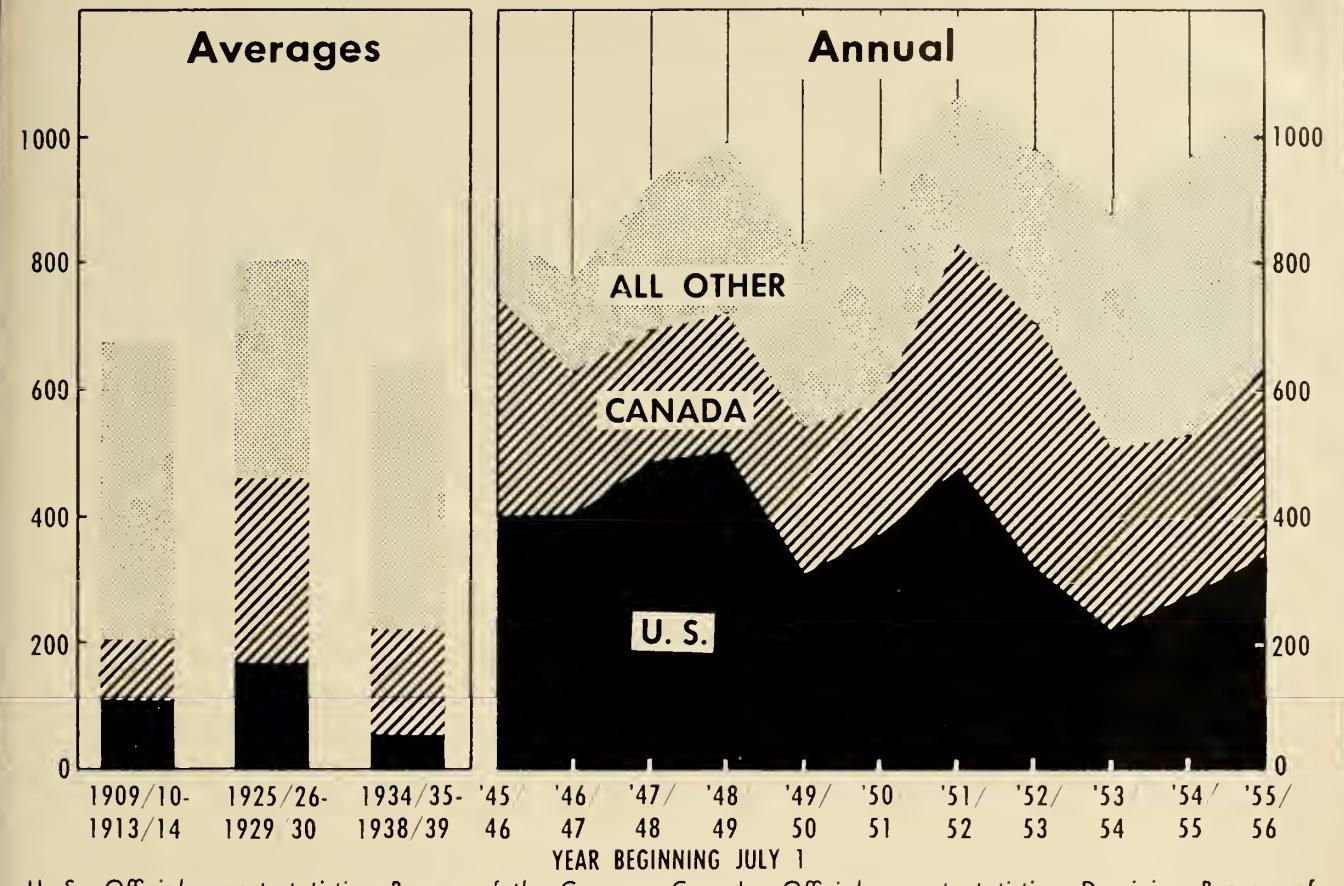
Given a choice, the Philippine consumer will buy imported processed foods. But the consumer's choice has been somewhat limited lately by the exchange controls system of the Central Bank. These controls are not administered maliciously. They are in keeping with Philippine policy to industrialize; and this means making available to industry and producers the capital goods and equipment required. Consequently, within a 5-year period the total amount of consumers' goods has been reduced 25 percent, so that now over 75 percent of all exchange releases are for producers' goods.

Outlook

No significant change in the volume
(Continued on page 24)

WORLD WHEAT AND FLOUR TRADE GROWS: UNITED STATES AND CANADA LEAD

MIL. BU.—WHEAT EQUIVALENT



U. S.: Official export statistics, Bureau of the Census. Canada: Official export statistics, Dominion Bureau of Statistics, excluding wheat milled in bond in the U. S. and exported.

USDA

FAS NEG. 1238

Growth of United States And Canadian Wheat Exports

The United States and Canada are capitalizing on the increased market possibilities in the world wheat market. World exports are 58.2 percent higher than in the prewar period 1934-38.

In the crop year 1955 world wheat exports totaled slightly more than one billion bushels compared with averages of 878 million bushels for the 5-year period 1945-49 and 639.3 million bushels for the 5 years prior to World War II.

Before 1914 Russia or Argentina usually led all other countries in vol-

(Continued on page 20)

CANADIAN EXPORTS OF WHEAT AND WHEAT FLOUR, BY DESTINATION,
CROP YEARS, AVERAGE 1934-38, ANNUAL 1945-55

Year ¹	United Kingdom Mil. bu.	Other Commonwealth countries Mil. bu.	Other Countries Mil. bu.	Total Mil. bu.
Average 1934-38 ...	104	10	63	177
Annual:				
1945	152	51	137	340
1946	161	21	61	243
1947	161	17	17	195
1948	152	32	48	232
1949	130	22	73	225
1950	102	30	109	241
1951	128	34	194	356
1952	123	45	217	385
1953	82	24	149	255
1954	102	18	132	252
1955	109	17	182	308

¹ Canadian crop year, beginning Aug. 1.

Compiled from *Grain Trade of Canada*, Agriculture Division, Dominion Bureau of Statistics, Canada, and *Canadian Grain Exports*, Board of Grain Commissioners for Canada.



Indonesia's Race with Rice

By WILLIAM J. EDENS
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THE INDONESIANS have a saying—"Rice means life—and like life itself, it is a gift from the Gods." But the benevolence of the Rice Goddess Sri is being challenged today by the growth of Indonesia's vast population. The young Republic faces a rice deficit, and this deficit is likely to become much greater in the years ahead.

In few countries is rice so important to the total economy as it is in Indonesia. Its supply and its price concern everyone—rich, poor, merchant, banker, and statesman. These two factors undergird all of the country's production activities, and are the basis of its economic and social programs, both rural and urban.

But since 1950 rice production in Indonesia has been unstable. Production was at a low point during and immediately after the Revolution. By 1954 it had risen 31 percent. The next year saw a 5-percent decrease, but 1956 yielded a small rise over 1955. Unfortunately, this production was far below the self-sufficiency goal set by the government for 1955 and annually thereafter. Per capita rice production is less than it was 3 years ago. In fact, all agricultural production has shown a downward trend during this period.

Indonesians, by their own estimate, need to produce 7.8 million metric tons of rice in 1957 to provide a minimum per capita consumption of around 200 pounds a year. An additional third of a million is needed for seed. This brings rice requirements for the current year to 8.1 million tons. However, Indonesia's production for the past 3 years has averaged only 7.3 million tons. So, when the seed for planting is deducted, the country's 1957 rice deficit amounts to 800,000 tons. To make up this deficit, Indonesia must look to the surplus rice-producing countries.

Indonesia started leaning heavily on these countries in 1956. When Indonesian production went up in 1953, imports declined. But when the 1955 rice crop proved to be short, this downward trend was reversed. Some 748,000 tons of rice were imported last year—a considerable increase over 1955. And undoubtedly an even greater quantity of imported rice will be required in 1957.

Population Growth

Indonesia's fast growing population is the chief cause of this increasing demand. With a total population of

Terraced rice paddies in Indonesia. To feed its vast population, the country must either boost its output of rice or import it in large quantities.

around 82 million and an annual population increase of 1.6 percent, Indonesia will have to import 125,000 tons more rice this year than last. Ten years hence, if population continues to grow at the same rate, this figure will have jumped a million tons.

What are Indonesia's chances of boosting production to meet this need? To produce a million more tons of rice would mean a 15-percent increase in rice acreage at present production levels. The land best suited to rice growing was brought under cultivation many decades ago. All new land suitable for cultivation is located in Sumatra, Kalimantan, and the outer islands. Bringing this land into use requires a large amount of capital and a pioneering spirit; and Java farmers have neither the money nor the incentive to leave their communities and carve out a home and business in a wilderness where land is much less productive than it is in Java and Bali.

The principal answer is increased production through larger and better irrigation facilities and wider use of fertilizers. The Ministry of Agriculture set out to achieve this goal in its 5-year plan adopted in 1954. Shortage of foreign exchange and lack of trained technicians were major handicaps, with the result that not too much

Rice cultivation requires intensive hand labor. Farmers do not begrudge this, but are reluctant to pioneer in developing new rice lands.

progress was made. Then late in 1955 Indonesia elected its first government, and a new 5-year plan was drafted. This plan allots substantial amounts for irrigation, fertilizers, agricultural research, and resettlement. If carried out, as adopted, it could have a tremendous effect on rice production.

Production, however, is not the only problem plaguing the young republic. Rice distribution is almost as serious. Indonesia's land area consists of many islands, several of them not suitable for rice growing. Roads and power transportation are reasonably good in some sections and nonexistent in others. A food famine can exist in one area, while a short distance away there may be a rice surplus.

Government Controls

The government is acutely aware of this situation. To facilitate distribution and prevent food hardships, the Food Supply Board was established. The Board is also charged with importing all rice coming to Indonesia and with keeping on hand a buffer stock of rice purchased from producers in surplus areas. Furthermore, to stabilize rice prices the Board is authorized to inject rice from stocks into the market when prices tend to rise.

Regional regulations which hinder or restrict the movement of rice are prohibited by the central government. Private rice mills, which formerly milled their own purchases as well as rice bought by the Food Supply Board, are now employed by the government to mill only rice purchased by the Board. Padi may be purchased from farmers only by farmer organizations named by the Board and supervised by the local regent. Estates, which formerly bought their own supply of rice for laborers in the open market, now obtain their rice from the Board.

Price Stabilization

Equally important is the stabilization of rice prices at a low level. Low rice prices tend to keep the price of other



food crops, such as corn, peanuts, cassava, and potatoes, at a comparable level. On the whole, the Food Supply Board has been effective in stabilizing prices. But in Indonesia, as elsewhere, farmers and merchants have speculative tendencies. From the major rice harvesting period, April to July, and until the major planting season in November and December, rice is usually plentiful on the market. Between planting and harvest time it is the scarce, or prices begin to rise, the Board, from storage facilities located throughout the country, releases its rice on the market. This stockpile comes from domestic production, but the Board can use imported rice for the same purpose if necessary.

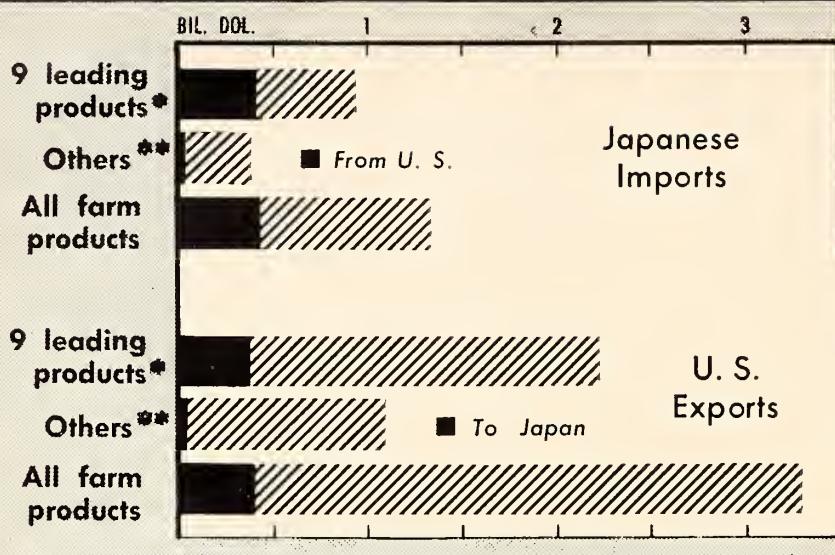
When rice prices are high in other countries, they stimulate illegal exports by some of Indonesia's surplus areas, very often causing rice shortages in these areas before the next crop is harvested. But here too, government regulation and controls are making this practice difficult.

Outlook

In spite of the government's efforts to regulate the rice supply and fix prices, the question still remains—can Indonesia win its race with rice?

The chances are it cannot—certainly not for a good many years. Present production is 11 percent below the domestic needs of Indonesia's millions. In the last 2 years, population increased 3.2 percent, while rice production decreased 4.6 percent. And even if the Ministry of Agriculture succeeds in implementing its plan for higher yields and expanded acreage, the full effects of this would not be felt for some time. So, if Indonesia is to feed its people, it must import rice each year in sizable quantities, and this the Republic can do only if it overcomes its current shortage of foreign exchange.

JAPANESE-U. S. TRADE IN FARM PRODUCTS average 1951-55



*Rice, wheat, barley, corn, soybeans, raw cotton, tallow, hides and skins, tobacco. **Excluding some the U. S. does not export.

USDA

FAS NEG. 1239

U. S. Farmers' Market in Japan

AMERICAN FARMERS have found in postwar Japan a prized market for many of the commodities they are so well equipped to produce. From 1948 through 1951 Japan held second place among our foreign outlets for farm products. Since then it has ranked first. It is the leading foreign buyer of U. S. cotton, rice, barley, soybeans, tallow, and hides and skins, and ranks second as a buyer of wheat.

The interdependence that has developed between American farm producers and the Japanese market is unmistakable. Here is what the official Japanese figures show. During 1951-55 Japan's imports of all commodities averaged \$2,261 million a year. Of this, agricultural commodities accounted for \$1,414 million—nearly two-thirds. And of the two-thirds—leaving out tropical products like rubber, coffee, cacao, and bananas—\$1,330 million was spent for the kind of farm products the United States can supply.

The United States has held a third of this market—some \$434 million a year. Nine commodities—cotton, rice,

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wheat, barley, corn, soybeans, tallow, hides and skins, and tobacco—made up 95 percent of this trade. For these, the U. S. share of the Japanese market reached 44 percent.

Cotton

Japan is the only country importing more than 2 million bales of raw cotton. The textile industry uses modern equipment installed since World War II, but it has been rebuilt to only about two-thirds of its prewar capacity. However, restrictions that were in effect on spinning operations during much of 1955 have been removed. Total imports of cotton rose sharply in 1956, and imports from the United States were substantially above 1955.

Japan itself has consumed more than half of its cotton textile output in postwar years; yet it is the world's leading exporter of cotton goods. Cotton yarns and fabrics account for about a sixth of the total value of Japanese

exports. Japan's most important textile markets are in Southeast Asia. U. S. imports of Japanese cotton textiles have increased in recent years, reaching \$25 million in 1954 and \$60 million in 1955. Still, this is less than half what is needed to pay for the raw cotton Japan buys from us.

Heavy concentration of the Japanese export sales effort on a few lines of cotton goods has caused difficulty for some of our own textile producers. The Japanese, recognizing these problems, have recently adopted a voluntary program, worked out in consultation with U. S. representatives. This provides for a more diversified and orderly marketing of Japanese textiles in this country, including self-imposed export quotas.

Japan plans to expand its synthetic textile industry. Production and exports of cotton textiles, however, will probably change but little from present levels. Continued heavy imports of cotton will be required, and the United States should keep at least a third of the market.

Rice

Japan is the world's largest importer of rice. During 1951-55, imports averaged more than a million metric tons. About a fifth came from the United States; most of that was from the California crop, which is the short-grain rice the Japanese consumer prefers.

In 1955 Japan had a bumper rice crop, and during 1956 curtailed its imports sharply, to 770,000 tons. Imports from the United States were cut especially hard, amounting to only 20,000 tons through November. Japan's total rice imports in 1957 will probably also be less than the 1951-55 average, for the 1956 crop was also a bumper one, and current stocks are large.

Rice from Burma and Thailand is not of the type most acceptable to the Japanese consumer. However, Japan has maintained its imports from these countries as much as possible as a matter of policy. Only by so doing can it maintain its exports to them, whereas in trade with the United States, Japan's total imports already far exceed exports.

Wheat

The Japanese diet has included more wheat and barley since the end of the Second World War. Japan has come to rank among the world's three or four largest importers of wheat. During 1951-55, imports averaged nearly 2 million metric tons; and three-fifths came from the United States. During 1956, both total imports and imports from the United States were down slightly from 1955. Imports from Australia rose to 251,000 tons for January-November, compared with 182,000 in all of 1955 and 20,000 in all of 1954.

Because of two big rice crops—1955 and 1956—Japanese consumers have been less inclined to buy wheat products. But, given normal population growth and back-to-average rice production, Japan's wheat import requirements will probably increase. In order to widen the national diet, the Japanese Government is encouraging the consumption of wheat products. We should retain a large share of this market.

Barley

Since World War II Japan has been a major world market for barley, importing nearly 800,000 tons a year in 1951-55. A small amount is fed to livestock, but most is consumed as human food. The United States ranked first among Japan's barley suppliers in 1951 and 1955. In 1956, total imports climbed beyond 922,000 tons—60 percent above 1955; and again the United States held first place.

Corn

The Japanese use corn mainly for feed, small quantities going to the starch and alcohol industries. Total imports increased sharply from 56,000 tons in 1951 to 343,000 in 1955. During that period U. S. exports supplied, on an average, three-fifths of the market. In 1956, total imports declined, and imports from the United States were down more than proportionately. Japanese efforts to increase livestock numbers may lead to larger import requirements for corn in the future. In addition, Japanese officials have expressed interest in the use of corn for human consumption.

JAPAN'S IMPORTS OF 9 LEADING FARM PRODUCTS

Average 1951-55

Commodity	Unit	Total imports	Imports from the U.S.	Rank of U.S. as supplier
			Quantity	Share of total
			Percent	
Rice	1,000 m. tons	1,107	216	19.6
Wheat	do	1,895	1,114	58.8
Barley	do	775	335	43.3
Corn	do	169	107	63.4
Soybeans	do	448	376	83.8
Raw cotton	1,000 bales (480 lb.)	2,041	809	39.6
Tallow	1,000 m. tons	82	76	92.5
Hides and skins	do	49	28	57.9
Tobacco	do	8	4	47.4
				1-2

9 LEADING U. S. FARM EXPORTS TO JAPAN

Average 1951-55

Commodity	Total exports	Exports to Japan	Rank of Japan as outlet
	Mil. dol.	Value	Share of total
	Mil. dol.	Percent	
Rice	115	41	35.4
Wheat	594	82	13.8
Barley	51	20	40.5
Corn	183	7	3.6
Soybeans	116	45	39.0
Raw cotton	753	153	20.3
Tallow	68	13	18.9
Hides and skins	37	11	29.7
Tobacco	314	7	2.3
			7-15

Soybeans

Japan is the world's leading importer of soybeans. The market has expanded from 300,000 tons in 1951 to 800,000 in 1955. Our soybean exports to Japan have amounted to more than \$50 million a year since 1953, but our share in the market has declined as Japan's purchases from Communist China have increased. Japan bought a fourth of its soybeans from China in 1955.

The soybeans imported from the United States are mainly crushed for oil. Those produced domestically and those imported from China are generally of lower oil content, and are used principally for processing into soybean paste, sauce, curd, and other protein food products. In 1956, total imports were about 12 percent below 1955. Imports from the United States were also down, but still amounted to more than \$50 million. For the years ahead, prospects appear good for U. S. soybeans in Japan.

Tallow

Japan's imports of tallow—at present nearly all from the United States—more than tripled between 1951 and

1955. In 1956, imports, both total and from the United States, showed a slight decline.

Tallow is used principally in making soap. Japanese soap production was drastically cut during the war, and not until 1955 did it exceed the prewar level of about 200,000 tons. Production is expected to show further increases, which will require additional imports of tallow.

Hides and Skins

Japanese imports of hides and skins—mostly cattle hides and calf and kip skins—are showing an upward trend. The United States has supplied an increasing share of these imports. Sole leather and upper leathers account for two-thirds of Japan's total leather production. Thus the increasing popularity of Western-type styles, including leather footwear, goes far to explain the growing demand for hides and skins. In 1956, total imports were nearly a fourth above 1955, and the United States still held a strong lead.

Tobacco

Japan is nearly self-sufficient in tobacco. Of its small imports, the

(Continued on page 21)

Agriculture as the Key To the Egyptian Situation

By QUENTIN M. WEST
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INTERNATIONAL CRISES rarely have a single cause—and the present situation in Egypt is no exception. But if the strands in the complicated political and economic web engulfing Egypt today were to be disentangled, most of them would lead back to the country's basic problem—its agriculture.

Egypt's economy is largely agricultural. Production and processing of farm products account for about 60 percent of the national income and almost 90 percent of its exports. However, Egypt does not have sufficient productive land to support its vast population. With an almost uniformly dry climate, crop production depends entirely upon irrigation, and the only source of water is the Nile. From ancient times Egyptian life has centered around this great river, for, out of Egypt's 247 million acres, only 6.2 million acres along the banks of the Nile and its delta are available for crops.

Even with multiple cropping, the pressure on the Nile land is becoming greater. In the past 50 years Egypt's population has doubled—from 11.3 million in 1907 to 23 million in 1956—whereas during this same period the area under cultivation has increased only 10 percent. Fortunately, improved irrigation practices and higher yields have boosted production somewhat, but how threatening the situation is can be seen from the fact that Egypt has a per capita production index 22 percent below the 1935-39 average, one of the lowest in the world. (Syria's is up 56 percent.)

Agricultural Policies

So crucial is this problem that it may well be considered the basis for all that is happening in Egypt today. Certainly it has dictated the structure of the country's agricultural and trade policies. To ease the terrific pressure of a rapidly growing population on limited land, Egypt must bring more land into cultivation and build up its industries. But to do this requires foreign exchange. Thus Egypt is faced with the need for expanding the production of its export crops in order to obtain this foreign exchange; and, at the same time, it must increase its food supplies without increasing imports. This has sometimes led to conflicting and changing policies. Wheat acreage, for example, may be expanded at the expense of cotton one year, then the policy reversed completely the following year.

Fundamentally, however, cotton is the principal determinant in Egypt's agricultural policy making. Cotton earns the greatest amount of foreign

exchange; and, to an extent, the present international relations of Egypt have resulted from the urgency of finding markets for it abroad. High prices offered by the Soviet Bloc countries have lured a large portion of Egypt's cotton behind the Iron Curtain and have been detrimental to Egypt's cotton markets in the West, allowing competition from other sources and encouraging use of synthetic fibers.

The chain of events which culminated in the attack on Egypt last fall was related to this cotton market problem. In 1955, as Middle East affairs started simmering and nationalism burgeoned throughout the area, Egypt looked around for armaments. What resulted was the famous Soviet-Egyptian arms deal, whereby Egypt more or less mortgaged its cotton crop for several years to pay for guns and airplanes.

The proposed High Aswan Dam was affected next. By building this gigantic dam on the upper Nile, Egypt anticipated 2 million acres more of irrigated land. Both the United States and Britain had offered to help in the financing of the dam, but later on these two countries withdrew their offers of aid. Egypt nationalized the Suez Canal Company last July, stating that this move was aimed at obtaining funds for the dam. These events culminated in the outbreak of the Suez conflict on Oct. 29.

Agriculture in 1956

It's still too early to determine what effect this series of crises has had on Egyptian agriculture. Yet it is doubtful if agriculture has maintained the apparently good position that it had

EGYPT: AREA AND PRODUCTION OF PRINCIPAL CROPS: AVERAGE 1935-39 AND 1950-54, ANNUAL 1955-56

Commodity	Unit	1935-39		1950-54		1955		1956	
		Area	Pro- duction	Area	Pro- duction	Area	Pro- duction	Area	Pro- duction
		1,000 acres		1,000 acres		1,000 acres		1,000 acres	
Cotton	1,000 bales	1,821	1,888	1,831	1,705	1,885	1,535	1,716	1,469
Wheat	1,000 bu.	1,463	45,856	1,631	49,384	1,581	53,329	1,630	56,857
Corn	do...	1,599	63,225	1,812	62,925	1,908	67,469	1,975	70,500
Rice	1,000 tons	462	527	539	915	623	993	725	1,095
Grain									
sorghum	1,000 bu.	371	20,944	455	20,840	454	21,107	499	17,643
Barley	do...	277	10,702	127	4,933	141	5,815	137	5,920
Broad beans	1,000 tons	408	326	340	248	372	289	350	227
Onions	do...	37	263	38	333	52	457	47	425

¹ Preliminary. ² Excluding interplanted crop.

just before the conflict. Better-than-average crops were harvested in 1956 and the volume of agricultural exports was well above that of 1955.

The cotton marketing year opened last September with stocks at the lowest level in 6 years. Exports had increased one-third over the previous year. New customers had been found behind the Iron Curtain from whom Egyptians were expecting still larger orders for the new season, and many old customers in the Free World had been retained in spite of high prices of long-staple cotton. Though the government had reduced cotton acreage to increase wheat production, yields were good, and reliable trade sources believed that the 1956 production would exceed that of 1955. (Recent official estimates place the 1956 crop slightly below that of 1955.) The outlook indicated that Egypt would be able to sell the crop.

Wheat was also doing well. Production in 1956 was 3.5 million bushels ahead of that in 1955. But

Egypt's attempts to become self-sufficient in wheat had reduced imports and caused a short supply situation, so that by the early part of 1956 only about a month's stocks remained. An agreement was made with the United States, by which Egypt received over 10 million bushels of U.S. wheat under surplus disposal programs. Additional wheat was also obtained from the United States and other sources. Even though the 1956 crop was high, Egypt had estimated its import needs during the 1956-57 marketing year at 24.6 million bushels, and by the end of September had concluded its wheat import contracts.

Rice production in 1956 was estimated at 1.1 million short tons, over 10 percent above 1955 production. Because of the high yield per acre and the intensive use of labor, Egypt has striven to make rice a leading export commodity, supplementing cotton—although water requirements may hold acreage down to around 900,000 acres. For the 1956-57 marketing

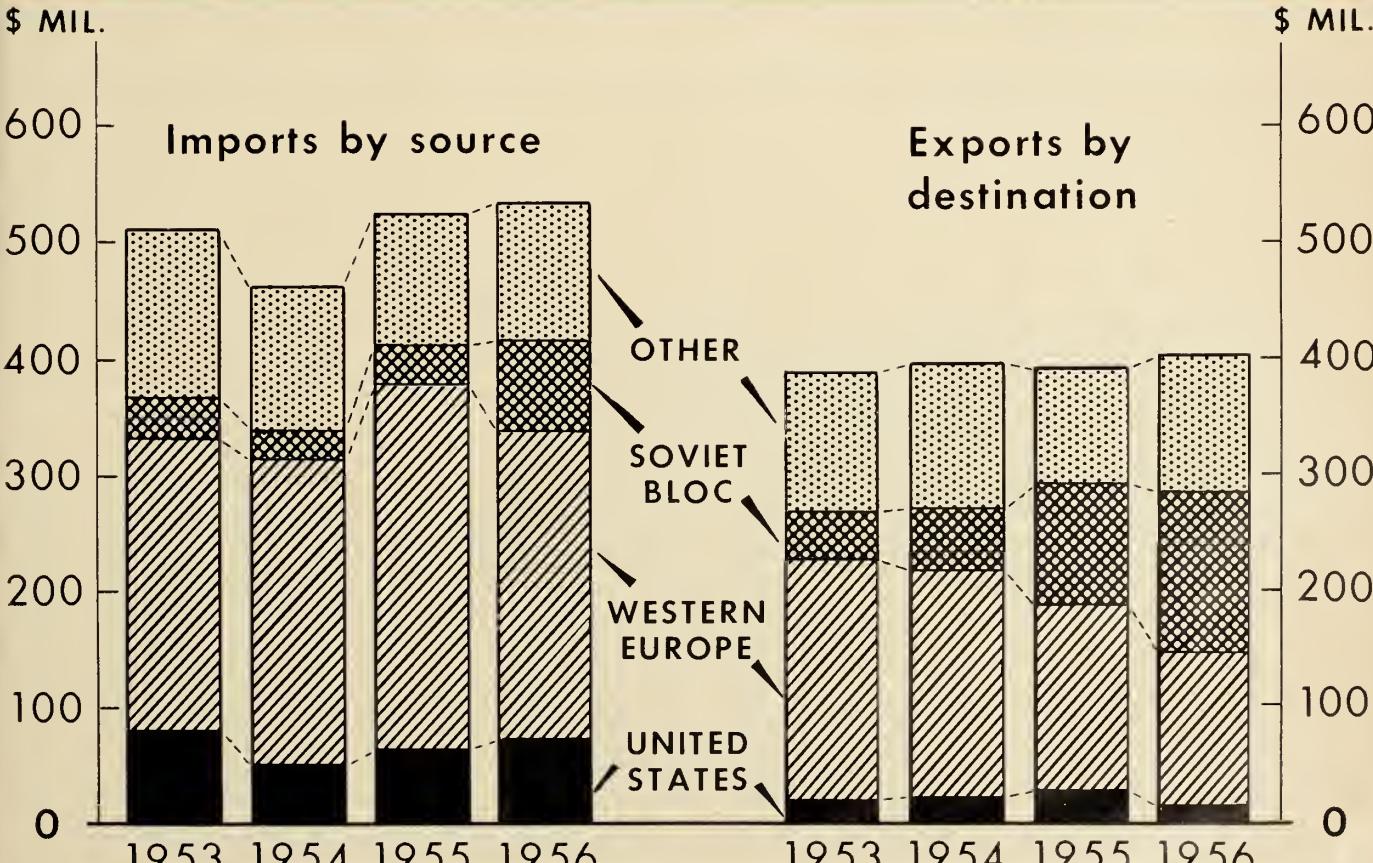
season Egypt had estimated it would have 396,000 tons for export.

Thanks to good weather, a relatively favorable water supply and no serious insect attacks, most of Egypt's other food crops showed increases in 1956. Corn, the country's principal bread grain, increased about 3 million bushels. Barley was up 100,000 bushels. Most vegetables and fruits increased; in 1956 only grain sorghum and pulses fell off slightly. And nearly 220,000 short tons of onions—Egypt's third important export crop—were exported in 1956.

Effects of Suez Crisis

Without sufficient information on Egypt's current agricultural situation, only a piecemeal picture can be put together—and this is largely related to trade. Two of Egypt's best cotton customers, France and England, have been cut off completely by embargoes. Shipments to India, Japan, and Communist China were practically stopped by the closing of the canal, although

EGYPT'S TRADE IS SHIFTING TOWARD COMMUNIST BLOC





Courtesy of ICA

Most of Egypt's people live in small villages where little has changed in centuries. Here water pipe is being laid to provide pure drinking water.

some cotton went by rail to Port Suez on the Red Sea. The Iron Curtain countries had not made substantial purchases of cotton. So as a result, cotton sales for the first 4 months of the 1956 crop year (September-December) were less than half of the volume during the same period of the previous year. Then, in the first 2 months of 1957, the USSR took 47,000 bales (500 lbs. gross) of Egyptian cotton, and other Communist countries stepped up purchases. In anticipation of these sales, cotton prices had remained high.

Egypt has also had difficulties with

Loading cotton for export in Alexandria. Finding markets for its cotton is one of Egypt's critical problems. Much of it now goes to Soviet Bloc countries.



its rice. To obtain rice for export the government had to assume control of all transportation and marketing of this crop—and even then exports in 1956 were more than 100,000 tons under the estimate.

On the import side, Egypt has experienced a rather acute grain situation. Until recently only 4.6 million bushels of the wheat Egypt had contracted for had been delivered. But monthly deliveries of about 300,000 bushels from the USSR are now improving this situation, and delivery of almost all of its foreign wheat purchases was expected by the end of March. Recently Egypt upped its estimated grain import requirements to include an additional 7 million bushels of wheat and 6 million bushels of corn.

Probably the best gage of Egypt's agricultural troubles is to be found in its general economic situation. Egypt today is short of foreign exchange, and the unofficial value of the Egyptian pound has dropped. Within the country, industry and commerce are slowing down; meanwhile, the government is extending its control over industry, commerce, and banking. And Egypt is more dependent than ever on trade with the Soviet Bloc.

Trade Shift

Egypt began shifting trade to the Soviet Bloc at the time of the arms purchase in 1955. During the follow-

ing year it made bilateral trade agreements with seven Communist countries: the USSR, Czechoslovakia, Poland, Rumania, Hungary, East Germany, and China. Trade with the Soviet Bloc in 1955 accounted for 27 percent of Egypt's exports compared with 14 percent in 1954. During 1956 the Soviet Bloc took 34 percent of Egypt's exports, even though cotton purchases dropped off in the last 4 months of the year. Imports from the Soviet Bloc (excluding shipments of military equipment) moved from 7 percent of Egypt's total imports in 1955 to 14 percent in 1956.

Following the nationalization of the canal this shift was intensified. With government assets frozen in the United Kingdom, France, and the United States, the Egyptians recalled for review outstanding import licenses covering goods from these countries. Revalidation was made on condition that payment be made against blocked accounts. At the same time, steps were taken to intensify trade with countries having bilateral trade and payments agreements with Egypt, such as the Soviet Bloc countries, India, Japan, the Netherlands, and Switzerland. Possibilities for triangular arrangements were also explored.

The disruption of trade relations between Egypt and the United States resulted in Egypt's looking elsewhere for its wheat imports. In the first half of 1956, Egypt imported 19.3 million bushels of wheat, of which 93 percent came from the United States. Negotiations were under way to obtain a large part of its 1956-57 import requirements from the United States. These were not consummated, and contracts were made to obtain two-thirds of the wheat from the USSR, one-sixth from Syria, and one-sixth through Switzerland.

What lies ahead is unpredictable. The Middle East today is a tinderbox. But once a peaceful settlement is made in this area of the world, Egypt may well find that letting its trade pendulum swing back once more toward the West offers the best assurance for achieving its agricultural aims and raising the living standard of its people.

おいしい粉食明日の健康



Telling the Wheat Story to Japan's housewives

"Tasty wheat foods will bring you good health tomorrow," says a gay poster prepared under the market development program for wheat products in Japan. Here is a report of the first quarter's operations.

IN EVERY CORNER of Japan today, people are reading about, seeing, and tasting wheat products—sometimes for the first time. A vigorous market development program is presenting to the Japanese consumer the basic idea that wheat foods can make a valuable and appetizing supplement to his traditional diet.

This program—initiated by the Oregon Wheat Growers League in co-operation with USDA—is made possible by the sale of U.S. farm products for Japanese yen obtained under Public Law 480. It has been designed especially for rural areas. There, rice still furnishes 82 percent of an average adult's cereal intake; wheat flour, bread, and noodles amount to only about 5 percent.

Here are the four projects that are giving Japan the wheat story:

- Traveling lecture-demonstrations.
- Educational material.

In a village in Japan, attentive housewives watch nutritionists demonstrate the preparation of Japanese-style meals based on wheat foods. The kitchen bus is one of 8 that are now touring Japan to increase interest in wheat.

- Training for Japanese bakers.
- Training courses for Japanese home extension workers.

The first two are handled by the Japan Nutrition Association; the others, by the Food Life Improvement Association.

Lecture-Demonstrations.—Last fall eight special kitchen buses began a marathon tour that will visit many places in each of Japan's 46 prefectures. Between October 10 and November 30 alone, 726 demonstrations attracted about 75,500 onlookers. At each demonstration, an absorbed audience—mostly middle-aged housewives—hears three Japanese nutritionists discuss balanced diets and the advantages and low cost of wheat foods; watches them cook attractive Japanese meals using these foods; and then gets a chance to sample the cookery and ask questions.

Educational Material.—Technical information about the food value and cooking of wheat products has been transformed into simple and attractive posters, pamphlets, and articles. These are widely seen and used—at the lecture-demonstrations, in the 783 regional health centers, and in schools and other public places.

Courses for Bakers.—Many Japanese, especially in country areas, rarely see bread. A 12-week course in American theories and techniques of bread-making is being given to 160 young bakers, who will pass on their training to others in their home prefectures.

Courses for Extension Workers.—Two courses have been held in Tokyo for home extension workers, each attended by over a thousand. These women have studied the use and preparation of wheat foods, learned how to give smooth and effective demonstrations, and then gone back to train others in their own prefectures. By early December, the wheat story had been told at more than 5,000 village meetings and home demonstrations.

Japanese extension workers studying the use of wheat foods. More than 2,000 have received this training.



Yugoslavia to Push Cotton Production In Macedonia

By HAROLD L. KOELLER
U.S. Agricultural Attaché, Belgrade

WITH A GROWING cotton textile industry operating at a record level, Yugoslavia is looking ahead. By 1960 it plans to more than double the area planted to cotton and to boost its output from 9,200 bales in 1956 to 23,000 bales a year. It is expected that Yugoslavia will never produce more than 35,000 to 45,000 bales of cotton—compared with 185,000 bales now being consumed annually by its textile industry—and the reality may prove to be less than that.

Most Yugoslav cotton is produced in Macedonia, the southernmost Republic, which borders on Greece, Albania, and Bulgaria. And it is in this area that the government will concentrate its efforts to expand cotton production, since traditionally the area has accounted for nearly 95 percent of the country's cotton crop, despite post-war attempts to grow cotton elsewhere.

Cotton's Rise and Fall

Yugoslavia's big push in cotton production came after it was expelled from the Cominform in 1948 and economic relations with the Soviet Bloc countries were broken off. At that time, the government launched a strenuous drive to expand acreage—mainly in Macedonia but also in Central Yugoslavia—and to up production. The 1949 crop was the high point of this drive. Some 21,700 bales were produced on 103,900 acres. But production declined rapidly and by 1953 it was down to less than 5,000 bales, while cotton acreage had shrunk

to a fraction of what it had been.

Various reasons have been given for this decline. Availability of U.S. cotton through U.S. aid programs undoubtedly was partly responsible. Dissolution of peasant work cooperatives in 1952-53 may have been another factor. And certainly the government's failure to fix prices at an incentive level tended to discourage planting. Much of the declining acreage, however, can be attributed to the low yields obtained on the new lands.

These new areas lacked adequate irrigation water and were badly hit during the drought years of 1950-52. In 1950, for example, the country's average yield of lint cotton was about 50 pounds per acre—or half the average postwar yield. (U.S. long-time yields average around 300 pounds per acre, and in recent years, over 400.

Yields did not remain at this low level. By 1955 they had gone up to over 100 pounds. But simultaneously Yugoslavia's cotton textile output had also increased. To meet even partial requirements and thus reduce the growing volume of cotton imports, cotton growing had to be given another shot in the arm. This the Yugoslav Government has done. As reported by the Yugoslav newspapers last spring, an official planning committee has been set up and a plan prepared to not only increase acreage but bolster yields.

New Expansion Plan

This plan calls for 86,450 acres in

cotton by 1960. Most of this increase will occur in Macedonia, the only area with climatic conditions suitable for cotton. Some experts claim that good cotton-growing areas are to be found in Croatia, the Vojvodina, and Central Serbia, and that eventually Yugoslavia could attain nearly 125,000 acres devoted to cotton. This is doubtful, for there is some question as to whether the very modest plan of the committee can be carried out.

Cotton expansion in Macedonia will require irrigation. Although Macedonia's climate is generally favorable for cotton, its rainfall is inadequate, particularly in the late summer and early fall. Very little cotton is now being grown on irrigated land, yet because of the area's topography—mountains with fertile valleys and plateaus—the potential for irrigation is excellent. Several projects are now being constructed, and others studied. Even though their completion depends on Federal financing, and consequently is somewhat uncertain, there is little doubt concerning their eventual construction.

Besides expanding cotton acreage, the government also hopes to improve the low standard of living of the peasants. Many farmers in Macedonia cultivate their land and harvest their crops in much the same way as their ancestors did some 2,000 years ago. Tools are rudimentary, some of them of ancient Egyptian design. As a result, cotton is produced by hand methods on soil poorly prepared. Farms are small, and the ordinary farmer usually has less than an acre of cotton.

To alleviate this situation and to meet production goals the new committee is talking in terms of improved seed, better machinery, and wider use of fertilizers. The newly established Cotton Institute at Strumica, in the heart of Macedonia's chief producing area, plans to introduce modern machinery and to adapt up-to-date methods of cotton culture to Macedonia conditions. Most of the machinery would be owned and used by state farms, peasant work cooperatives (the Yugoslav form of collective farms), and the general agricultural cooperatives—though it is expected that most



Photos by Harold L. Koeller

Farm family picking cotton near Strumica, Macedonia, where the government is striving to expand production.



Agronomists examine experimental cotton field, with Dusan Ristic from U.S. agricultural attache's office (right).

of the cotton will still be produced on the small private farms.

Marketing Contracts

Growing and marketing of cotton, in spite of the primitive methods of culture, is highly organized. In 1956, about 95 percent of the cotton farmers signed crop delivery contracts with Makoteks, the exclusive buying agency, before planting. While farmers are free to grow cotton without contracting in advance, in the past few years there have been many advantages to the contract system. The buying agency, subsidized by the government, furnishes seed and fertilizers on credit at reduced prices. Farmers who contract obtain tools and technical services free. On all cotton-growing land ammonium sulfate is applied, and on irrigated land, superphosphate.

Whether under contract or not, farmers received an average of 30 cents (calculated at the artificially low official exchange rate) a pound for cotton in 1955. The 1956 price schedule remained the same, but the June-to-October drought last year lowered the yield and reduced fiber length, so farmers probably received a slightly lower price for a somewhat smaller crop. No change in the 1957 price schedule is foreseen.

Contracts do not affect the farmer's right to retain part of his crop for home use. This is his privilege, regardless of whether he signs a contract. After the cotton has been ginned at the local cotton station, he takes his part home, where it is used for rough

work clothes, blankets, regional costumes, and mattresses. It has been estimated that farm consumption totals over 1,000 bales a year.

Macedonia has 130 saw gin stands; all but three of them are owned by the buying agency Makoteks. These are located in 15 cotton stations—or centrals, as they are called—distributed throughout the producing areas. Two of the farm cooperatives in Strumica own their own gins, thanks to the generosity of Makoteks. The new cotton plan, however, makes no mention of increasing ginning capacity or improving its efficiency.

Research Under Way

Where a start has been made is in the selection of cotton varieties and the improvement of seed. Many local and foreign varieties, including American, are being tested at the Strumica Institute to determine which are best suited to Macedonian conditions. The Makoteks enterprise, which supplies all the cotton seed planted, sends agronomists to inspect cotton fields during the growing season; at ginning time seed is saved from the approved fields and sold to the farmers the following spring. The seed not needed for planting goes to the domestic oilseed crushing industry, or is sold to the farmers for sheep feed.

Macedonian farmers are showing more interest in cotton since it is now reportedly a more profitable crop than cereals. Furthermore, the Macedonian Republic hopes that in the near future cotton may become its main source of



Cotton plant in variety test plot at the new Cotton Institute, in Strumica.

income. Yet it is quite obvious that Yugoslavia has a long way to go before it can even approach the traditional cotton-growing countries of the world in production techniques and quality output. Certainly, at no time in the foreseeable future can it expect to supply the cotton needs of its textile industry. Raw cotton imports have always figured large in Yugoslavia's trade. Before the war, they ran around 15,000 tons a year; the past 3-year

(Continued on page 20)



Courtesy of Gold Coast Liaison Bureau

GHANA: A New Nation In West Africa

THE HOPES of millions of Africans centered on the Gold Coast last month as it attained self-government and became "Ghana" after a century of colonial rule. This new nation, which takes its name from an early African kingdom that flourished in A.D. 300-1076, comprises the British Territory of Gold Coast plus the former United Nations Trusteeship of British Togoland. As a nation, it now has full responsibility for conducting its own national affairs, including foreign trade and political relations.

Ghana lies about midway along the south side of Africa's great western bulge. Its south coast is on the Atlantic Ocean, while its land borders are shared with French West Africa. With an area of 91,843 square miles, it is slightly smaller than the State of Oregon. In 1955 the population totaled 4,620,000.

Cacao—The Big Crop

Ghana's economy is based almost entirely on cocoa. The first cacao trees were planted there in 1890. These plantings have spread so rapidly that Ghana is now the world's largest single producer of cocoa, with an annual crop representing 27 percent of the

world's total. But the new nation already faces a crisis. Cocoa prices have been falling since 1955. During the current crop year, the Cocoa Marketing Board is drawing from its reserve to pay the farmers a higher support price than world prices justify. These equalization payments, if continued at present levels, would probably drain the cocoa reserve funds within 3 or 4 years, and cut down on the capital needed to develop the country.

Although cocoa is the pivot on which the economic machinery of Ghana revolves, the country also exports such agricultural commodities as palm oil and kernels, copra, coffee, and rubber, as well as moderate quantities of manganese, bauxite, gold, and diamonds. For domestic use, the country's food crops include palm oil, sorghum, millet, corn, yams, sweetpotatoes, cassava, plantains, peanuts, okra, rice, beans, and a variety of other tropical vegetables and fruits. Because of the small livestock population, meat consumption is limited; the country depends largely on live animals imported from adjacent French areas and on processed meats from overseas.

Ghana's independence is not expected to cause great upheavals in its

News of Gold Coast's independence brings happy smiles to faces of crowd gathered around loudspeaker.

foreign trade and internal economy. As a self-governing nation of the British Commonwealth, it will remain in the British sterling bloc. In its territorial status, it made an important contribution to the sterling pool, and, with its national currency closely pegged to the British pound, it will probably continue to do so.

In the past, Ghana has received development funds and special grants through the British Colonial Office, but recently has financed most of its development projects from its own revenues. British-financed programs now under way will be completed, but no new grants will be made. However, the new country may seek long-term loans from Britain or elsewhere for a proposed hydroelectric project on the Volta River. Costing several hundred million dollars, this project would provide power for processing local bauxite ores and water for irrigation. It would also contribute stability to a prosperous but risky one-crop economy.

Trade with U.S.

Ghana's agricultural trade with the United States is a short, simple story—cocoa to the United States, wheat flour and tobacco from the United States. In 1955, Ghana sent the United States over 90 million pounds of cocoa worth nearly \$37 million; and took from the United States over 58 million pounds of wheat flour valued at \$3.6 million and more than a million pounds of tobacco—mostly the black fat type—totaling around \$1.2 million.

Trade between these two countries in other agricultural products was relatively insignificant, largely because of strict controls—except in the case of wheat flour—on imports from dollar areas. However, there are no preferential duties against U.S. products, so, with Ghana's independence, it is possible that some of these restrictions will be relaxed.

Nigeria's Agricultural Trade With the United States

By PROCTOR CAMPBELL*

NIGERIA, like the other Central African countries, is utilizing only a fraction of its agricultural potential. Even its agricultural trade is comparatively small. But this vast country—the size of Texas, Louisiana, and Oklahoma combined—is looking ahead. Britain has promised it self-government, and within the country there is a spirit of progress.

The territory is largely agricultural. Its climate and vast land resources are suited to a wide range of crops, including such important commodities as vegetable fats and oils, rubber, cocoa, and cotton. In parts, it is densely populated, with most of its people engaged in subsistence farming.

Up until World War II Nigeria's share in world trade was fairly low. But, since the war, increased world demand for vegetable oils, cocoa, tin, and columbite has given the country a sounder economy, and made it a larger dollar earner. Its imports jumped from \$24 million prewar to \$377 million in 1955. Its exports rose from \$26 million to \$417 million in 1954. Then in 1955 the position was reversed. Imports topped exports by approximately \$8 million. Not only did prices decline, but Nigeria exported less cocoa, palm products, groundnuts (peanuts), and bananas than in the preceding year. Rubber and tin were the only important exports showing a gain.

In this same year, Nigeria's total exports to the United States fell off. The all-time high of \$48 million in 1954 dropped to \$26 million in 1955. Nigeria's imports from the United States also declined—from \$6.5 million in 1954 to \$5.5 million in 1955. In both cases agriculture's share decreased.

Despite this, the United States remains Nigeria's second best customer. (The United Kingdom takes 70 percent of Nigeria's exports, the United States 10 percent.) Conversely, U.S. imports rank fifth in value in the Nigerian market. As a member of the sterling area, Nigeria maintains ex-

Nigeria, including the British Cameroons, is Britain's largest dependent territory, with an area of 373,250 square miles. Lying just north of the equator, its climate varies from tropical to subtropical. Rainfall is heaviest in the southeast—often as much as 400 inches—while the northern part of the country gets about 25 inches a year. For this reason, most of Nigeria's large population of over 33 million is concentrated in the south, where density is as high as 400 to 500 people to a square mile. Agriculturally, the country's main export products are cocoa, oil palm products, rubber, groundnuts, and cotton.



Rubber farm in Nigeria. Rubber is one of country's leading crops, and exports have mounted since 1950.

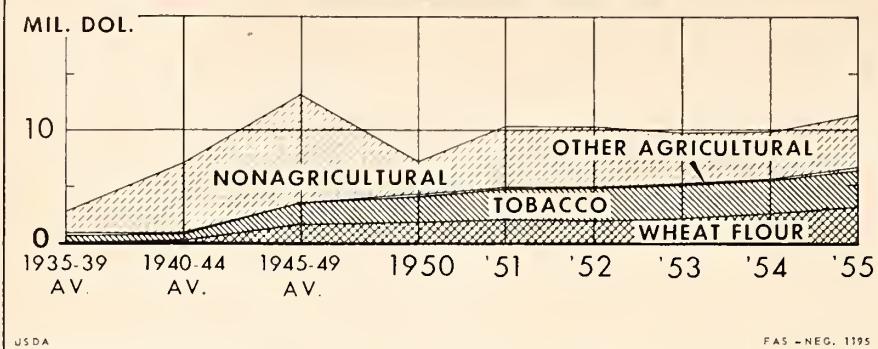
change and import controls. So while Nigeria does not have Commonwealth tariff preferential rates, import licensing restricts all commodities except flour from dollar countries.

Farm Products Exchanged

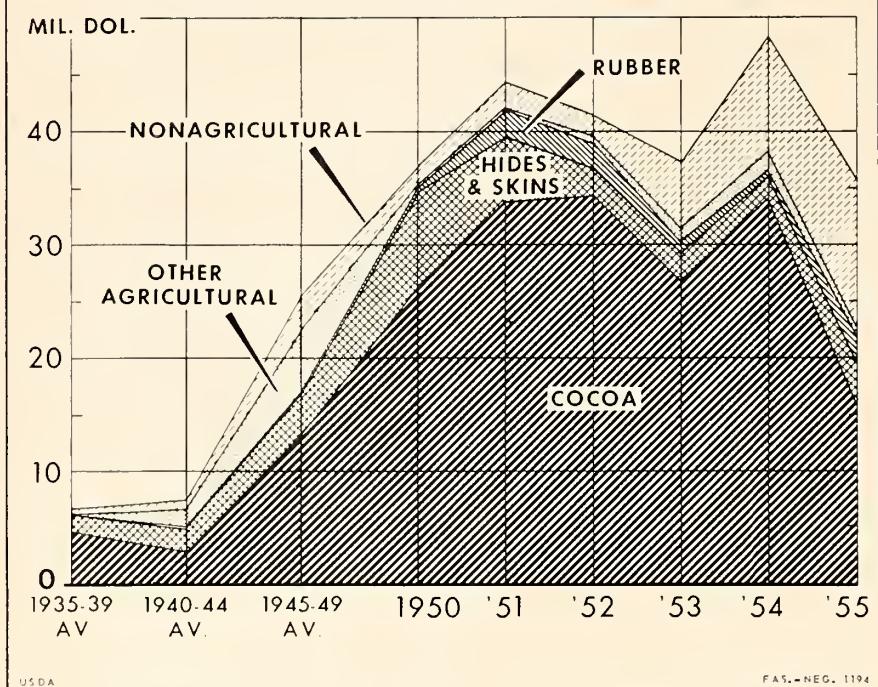
Nigeria's three most important agricultural exports to the United States are cocoa, hides and skins, and rubber. Of these, cocoa is the most important, accounting for over 60 percent by value of all Nigerian imports during the period 1935-55. In 1955, cocoa exports declined, and prices fell at the same time. But during the first 6 months of 1956 they started upward again. Exports of hides and skins also fell off, but in 1955 they increased too. Rubber exports have continued to mount, from 1.2 million pounds in 1950 to 1.5 million in 1955.

* Mr. Campbell, now an economist with the Agricultural Marketing Service, was formerly with the African and Middle East Analysis Branch, FAS.

NIGERIAN IMPORTS FROM THE U. S.



NIGERIAN EXPORTS TO THE U. S.



important agricultural imports from the United States. As an open-license commodity, flour imports have skyrocketed from 20 million pounds in 1953 to 52 million in 1955.

Imports of U.S. tobacco have remained fairly constant in the last 5 years at around 4 million pounds. But the future of tobacco imports is uncertain. Nigeria has one tobacco factory producing 10 million cigarettes a day. At present, this factory uses 5-6 million pounds of locally grown tobacco a year. The remaining 23 million pounds is of poor quality and is used for local handmade cigars, cigarettes, and chewing tobacco.

To satisfy its needs, Nigeria must import tobacco—and the U.S. share

in these imports is around 65 percent. However, two things could happen. If Nigeria can improve the quality of its own tobacco, imports will decrease—although there is some doubt as to whether the soil and climate are suited to American-type tobacco. Also, if Nigeria finds itself short of dollars, U.S. raw tobacco imports will be cut while imports from Rhodesia and Nyasaland will be upped.

Outlook

Very strong efforts are being made to improve quality and increase production of Nigeria's main agricultural products. In 1954 a regional marketing board was set up in each of the three political regions—North, East,

and West—and the Southern Cameroons. These boards maintain stable producer prices and purchase the crops for export. A central marketing board carries on from there, handling the products at port of shipment and selling them on the world market.

Expanding the country's agricultural economy is part of their work too. Fortunately the country has no labor problem because of its large population. One of the principal handicaps is lack of transportation. But the planned extension of the railway system into the northeastern part of the country, to be completed in about 5 years, will provide an outlet for expanded agricultural production in that area. This could mean a 25-percent increase in cotton and peanut production. The new railway would also provide an outlet for other farm products.

Trade with U.S.

For U.S. agriculture Nigeria is not a vital outlet. Nor are the immediate prospects of expanded trade promising. Nevertheless, Nigeria is one of those underdeveloped countries that slowly are gaining greater economic importance. Their standards of living are rising, their populations are growing, and their cash economy is becoming stronger. Any change is bound to be upward.

In Nigeria, for example, the diet of many of the people is deficient, especially in protein. In the southern area, meat is expensive and poor in quality because of the tsetse fly. Fresh milk is scarce—because of the fly and other factors—and canned milk supplies are extremely limited. The powdered milk market is just starting to develop.

So as Nigeria's economy expands, U.S. farm products going to this large African country may include both livestock and dairy products. Flour will continue in the lead, and tobacco, which now ranks second, will probably maintain its present level or even expand—though, as mentioned earlier, this is somewhat unpredictable. Moreover, Nigeria may become a stronger competitor of the United States in cotton and vegetable oils, as the new railway opens up the country's great undeveloped northeast area.

Canadian Imports of U. S. Fruits Break All Records

By RAYMOND A. WEST

U.S. Assistant Agricultural Attaché, Ottawa

CANADIAN WIVES and mothers by the selection of food for their families are changing the basic diet of the Dominion. Potatoes and bread, once mainstays of the Canadian meal, are losing out to the protective foods. More meat is being eaten than ever before, more fresh and frozen fruits and vegetables are being consumed, and more is being spent for food.

Nowhere is this more apparent than in Canada's present consumption of fruit. The Dominion's unprecedented prosperity has created a standard of living that has placed fruit in the daily diet of a large portion of the population. If this prosperity continues—and there is every reason to believe it will—imports of fruits from the United States this year will break all previous records. In fact, it has been estimated that imports of U.S. fruits in all forms will exceed \$85 million—and may even be nearer \$90 million. Compared with the years 1951-54, when Canadians were buying around \$65 million worth a year, this is a big jump.

What caused this rise in fruit consumption? The basic reason obviously is Canada's booming industry, which has kept unemployment at a minimum and boosted salaries. But there are other reasons. The year-round availability of both fresh and frozen fruits is one. The expansion of the grocery chains is another. As these stores spread throughout Canada two things happened: the quality of canned and packaged fruits improved, and the

fresh fruit counters caught the eye and the food dollars of the Canadian housewife. As a result, fresh fruit accounted for a large percentage of Canada's \$2.6-billion grocery business last year.

U.S. Fruit Imports

Canada imports a wide range of fruits from the United States. During the first 8 months of 1956 imports totaled \$65.4 million as compared with \$57.5 million for the comparable period in 1955. Citrus leads, while other fresh fruits in order of value are grapes, strawberries, melons, apples, peaches, plums, pears, and cherries. Also prominent among imports are frozen strawberries, prunes, raisins, canned peaches, canned apricots, olives, and miscellaneous fruit juices.

How essential citrus fruits are to Canada can be gaged from the fact that in recent years they have accounted for nearly half of the country's total fruit imports and for about the same proportion of fruit imports from the United States. Canada's long and

severe winters have stimulated the need for vitamin "C" foods; and now that fast freight trains from Florida, California, and Texas are supplying them, Canadian citrus consumption is soaring. Before the war, Canadians were eating around 26 pounds of fresh citrus a year. By 1952, per capita consumption had gone up 11.5 pounds, and by 1955, consumption of citrus fruits as a whole had increased approximately 90 percent.

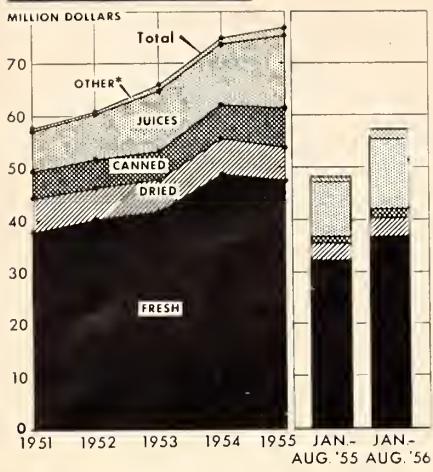
Canada produces no citrus fruits, but obtains the major portion of its needs from the United States. This makes Canada the United States' best citrus customer. Fresh oranges are moving into Canada at the rate of over 5 million boxes a year, and the story is practically the same for grapefruit. Citrus juices, during January-August 1956, reached a total of 8.8 million gallons, or some 2 million gallons more than for the same period in 1955. In this 8-month period of 1956 Canada supplemented its juice imports from the United States with only 25,000 gallons from other countries, whereas in 1955 the additional gallons totaled 134,000. In terms of dollars, these citrus imports—fresh fruits and juices—amounted to slightly over \$30 million as against \$26 million for the same 8 months in 1955.

Canada harvests a sizable amount of other fruits—apples, grapes, strawberries, peaches, pears, and raspberries. Ordinarily their production is relatively stable, but in 1955 Canada reaped a bumper apple crop. Then in 1956, not only apples but all the important fruits, except pears, fell off



Big displays of U.S. fruit in Canadian self-service stores have caught the food dollars of Canadian housewives.

Canadian Imports of
all U. S. Fruits



sharply, so that on Jan. 1, 1957, fruit stocks were below those of a year ago. During 1956, in the 8 months from January through August, Canada bought nearly \$15.4 million worth of noncitrus fresh fruit from the United States.

There is no apparent reason why this upward trend will not continue. In the first place, Canada's population

CANADIAN IMPORTS OF FRESH FRUITS AND CITRUS JUICES,
JANUARY-AUGUST, 1955 AND 1956

	Jan.-Aug. 1955 Mil. dol.	Jan.-Aug. 1956 Mil. dol.
Citrus juices:		
From the United States	8.0	10.5
From other countries1	.1
Total	8.1	10.6
Citrus fruits:		
From the United States	19.3	21.4
From other countries2	.3
Total	19.5	21.7
Other fresh fruits:		
From the United States	12.5	15.2
From other countries	17.4	17.9
Total	29.9	33.1
Grand total	57.5	65.4

is growing rapidly. And secondly, with the Dominion's vast program for developing its industrial and natural resources, the present standard of living that Canadians are enjoying may reach even a higher level. Government economists are optimistic about the country's buoyant economy and foresee a rising consumer demand ahead. Advertising campaigns backed by U.S. citrus interests and the vigorous promotional policies of the spreading chain store systems will also continue

to influence the buying habits of Canadian housewives.

All of this imposes an obligation upon the U.S. fruit industry. If Canada is to remain a preferred market for U.S. fruits, the desires and needs of Canadian buyers must be catered to. Many things are involved, but the two that affect the housewife directly are better packaging and the shipment of only high quality products that will reach the family table in attractive and appetizing condition.

Market Slow for Turkey's Filberts

The market for Turkey's record filbert crop is moving slowly. Exports for the 3 months September through November 1956 totaled 37,460 short tons (unshelled basis)—97 percent shelled.

The crop is estimated at 143,000 short tons (unshelled basis)—2½ times as large as the off-season tonnage for 1955 and more than double the 1949-53 average.

Buyers have been holding out for the lower prices usually associated with large crops. Also, Italian prices have been below Turkish official minimum prices.

Turkish exporters have asked the government to lower the minimum price to dollar, sterling, and countries of the European Payments Union to encourage sales and move the large stocks on hand. There is a possibility that an export subsidy will be instituted this spring.

U. S.-Canadian Wheat

(Continued from page 5)

ume of exports. Since World War II either the United States or Canada has been the leader in every year.

Certain phases of the world situation have had strong bearing on the volume of U.S. and Canadian trade:

- The reserve supplies of wheat in the United States and Canada, readily available whenever and wherever there has been an extraordinary deficit in the local supply situation for wheat or for certain other foodstuffs such as rice or corn.

- The existence of flexible aid and trade promotion programs, including conditions and method of payment.

- The economic development of under-developed countries, enabling them to have more adequate diets.

- Economic conditions in other supplying countries—such as the USSR, the Danube Basin, and also Argentina and Australia—that tended to reduce production of wheat for export.

Yugoslav Cotton

(Continued from page 15)

average has been over 32,000, with the United States supplying almost half.

Synthetic Fibers

What could happen is a partial replacement of cotton with synthetic fibers. Yugoslavia is now building a synthetic fiber plant, to be completed this year, which will provide the textile industry with the equivalent of around 50,000 bales of cotton-type synthetic fiber annually, plus about 25,000 of synthetic wool fibers.

This production will cut down synthetic fiber imports, and, to some extent, these fibers may be substituted for cotton. But how great a dent this will make in cotton imports is questionable. With a textile industry clamoring for cotton, Yugoslavia will continue to consume substantial quantities, and neither expanded cotton acreage nor domestic production of synthetics are likely to effect any decisive change in its position as a market for imported raw cotton.

Three-Millionth Ton of U.S. Wheat Arrives in Yugoslavia on S.S. *Exford*

To call attention to continued U.S. economic assistance and cooperation programs, the arrival of the three-millionth ton of U.S. wheat was recently celebrated with a dockside ceremony in Rijeka. Several important Yugoslav officials attended, and the event was reported in leading papers in Rijeka and Belgrade.

Japanese Market

(Continued on page 9)

U. S. share has been about one-half in quantity but almost three-fourths in value. This reflects the higher quality of the leaf imported from the United States. Our future sales will depend upon the demand for those cigarettes that use our leaf in blends.

Outlook

The population of Japan now exceeds 90 million and is increasing by a million a year. Crop yields are already remarkably high, and there is little room to enlarge the cultivated area. Thus, it is unlikely that Japanese farmers can increase production to keep pace with population growth. Consequently, food and fiber import requirements will increase. The actual import level will depend partly on fluctuations in Japan's farm output and partly on the industrial activity and export performance that determine Japan's ability to buy. Industrial production is now more than double prewar. Total exports have grown steadily since 1953, more than offsetting the decline in dollar earnings from goods and services supplied to the U. S. military establishment in Japan. Holdings of gold and foreign exchange have increased sharply. If the demand for its exports is maintained by continued world prosperity, Japan will be able to buy the agricultural commodities it needs. But, to retain our position in this growing market, we must sell at competitive prices. And fully as important, we must permit Japan to export to us so that it can earn the necessary dollars.



Photo by Harold L. Koeller

U. S. Moves To Retain Tobacco Export Status

The U.S. Department of Agriculture is revising its tobacco program to place greater emphasis on production of the high-quality flue-cured tobacco most desired by export buyers. The Department has inaugurated a 50-percent cut in price support on 1957 production of three undesirable flue-cured varieties—Coker 139, Coker 140, and Dixie Bright 244. At the same time, it has reduced 1957 marketing quotas and acreage allotments for fire-cured and dark air-cured tobaccos and held quotas and allotments for Virginia sun-cured to the 1956 level.

U.S. flue-cured tobacco has always been rated tops by overseas buyers. Its combination of fine body, color, flavor,

and aroma is superior to that produced by any other country in the world. But during the 1956 marketing season, foreign buyers indicated they had difficulty getting enough of the high-quality flue-cured tobacco they were accustomed to. As a result, U.S. exports dropped. The U.S. Department of Agriculture and the tobacco industry were deeply concerned and took action to remedy the situation.

It is hoped that the revision of the tobacco program will help to retain the strong export position which was in danger of being jeopardized by the appearance of less desirable United States tobacco in the leaf auction market.

New Release

Foreign Markets for U. S. Farm Products

The Foreign Agricultural Service recently released the first annual summary of United States Department of Agriculture activity in regaining, maintaining, and building markets for U.S. farm products abroad.

The 54-page illustrated publication summarizes this activity by programs, projects, and separate commodities.

Use of part of the foreign currencies acquired by surplus sales under Title I of Public Law 480 for market development projects abroad is contributing to the work being carried on in this field.

A Note on Danish Livestock Industry

The article "Danish Livestock Exports Gain in World Markets" published in *Foreign Agriculture*, August 1956, was misunderstood in some respects. The Danish livestock industry is among the most efficient and the least protected in the world. A few notes on the conditions under which this industry operates will serve to dispel misunderstandings.

- The prices received by Danish farmers for their livestock products are based on the average of the prices obtained in foreign markets, and the same is true of the price which Danish consumers pay. This is made possible by a centralization of exports and pooling of export proceeds, arranged by the industry. No government contributions are involved.

- Danish exports are facilitated through bilateral trade agreements with many countries and membership in the Organization for European Economic Co-operation. Nevertheless, exports of livestock products are confronted with tariff barriers and quota restrictions in customer countries, and must at times compete with subsidized products from other exporters. Except for a dollar premium scheme—which is applicable to all Danish exports to the dollar area and which has been reduced and is in the process of being abolished—there are no export aids to Danish livestock products. Export credit arrangements are almost exclusively used for industrial products.

- Danish government grants for such purposes as drainage and liming of farm land, begun originally in part as an unemployment measure, amount to only a fraction of one percent of total farm cost, and there is no subsidization of fertilizers.

- Livestock production and exports are very important in the Danish economy, and it is the basic Danish attitude that the competitiveness of this industry must rest on low cost production and efficient marketing and not on subsidies borne by the rest of the community.

TRADING POST



India Expands Trade With Communist Bloc

India is increasing its trade with Communist Bloc countries. Early in 1956 a State Trading Corporation was formed to expedite India's trade. Communist countries accounted for nearly half of the more than 36 million contracts (imports and exports) finalized thus far by the Corporation.

During the first 10 months of 1956, India's exports to the USSR alone were nearly \$12 million above the 1955 total, and imports were up more than \$20 million. The Soviet Union took mostly agricultural items—tea, wool, hides and skins, jute goods, lac, pepper, coffee, and cashew nuts—while India received wheat and metals from Russia. In addition, India sent coffee, handicraft products, iron ore, and shoes to Russia and other Communist Bloc countries and received cement and fertilizers from them.

Rhodesia Imports Santa Gertrudis Cattle

Sixteen head of Santa Gertrudis cattle have been shipped to Southern Rhodesia from Texas to be crossed with native Africanders and British Shorthorns. The buyer, a leading farmer of Rhodesia, believes the resulting crossbreeds will mature faster than Indian Brahmans and Africanders and will be better able to withstand heat than the British Shorthorns.

Germany Wants U.S. Egg Whites

On Feb. 6, 1957, Germany published a tender to import about \$240,000 worth of U.S. crystallized egg whites. German importers can apply for licenses until June 28, 1957, or until the value limit is reached.

Chile Authorizes More Agricultural Imports

Chile has suspended or decreased taxes and customs duties on a number of agricultural products of interest to the United States. They include wheat, onions, edible greases, pork lard, margarine and similar products, edible oil (crude and semi-refined), powdered milk (with or without sugar and other substances), and all powdered food preparations containing milk.

This step may increase import opportunities for North American products. In 1955 the United States exported \$12.9 million worth of agricultural products to Chile—including \$2.3 million in wheat, \$6.5 million in edible oils, \$1.3 million in powdered milk, and \$4,000 worth of lard.

Finnish-Soviet Pact Includes Dairy Products

The Finnish-Soviet trade agreement for 1957 will include dairy products. The equivalent of \$1 million has been allotted for milk and dairy products to be shipped to Leningrad from Finland during 1957. This would amount to about 16 million pounds (in terms of milk). Products to be included will be decided later.

Egypt Using More U.S. Leaf Tobacco

Egypt is buying more U.S. tobacco. Imports of U.S. leaf in 1956 increased 23 percent over 1955 and also increased in proportion to total tobacco imports—mainly because of a growing demand for American-type cigarettes in the Egyptian market. Imports would probably have been even larger except for the 25 percent premium that must be paid to obtain dollars.

Costa Rica Sets Cattle Standards

Costa Rica has introduced new regulations specifying minimum requirements on breeding cattle for export. Animals must be certified free from certain disease and from external parasites. They must be of three-fourths or more pure blood, possess all breed characteristics, and have a 75-point score on the scorecard established by the particular breed association in the United States.

A government representative and three from the industry will form a commission to administer the rules.

Cuban Vegetable Oil Industry to Expand

To promote its vegetable oil industry, Cuba has authorized spending \$170,000 for research in olive production and \$80,000 for soybeans and peanuts. Most Cubans prefer lard to vegetable compounds for cooking, but developing a local vegetable oil industry could eventually limit the use of lard. This would affect the U.S. lard industry because Cuba is the largest foreign market for U.S. lard. At the same time, self-sufficiency in lard and vegetable oils would save Cuba about \$40 million a year in foreign exchange.

Australia Restricts Molasses Exports

Australian molasses restrictions, relaxed from 1954 to 1956, will be resumed this year to safeguard supplies for the domestic market. Exceptions to the regulation include exports to New Zealand and certain Pacific islands for consumption on the island to which they are consigned and exports of medicinal molasses packed in containers weighing not more than 2 pounds. All other applications for molasses exports must be reviewed by an agency of the government for a decision. U.S. firms probably will not be able to get molasses for feed and industrial uses from Australia in the near future because consumption is keeping pace with production.

U. S. Share of U.K. Lard Market Drops

The United States faces increasing competition for the United Kingdom lard market from European suppliers, mainly Belgium, Denmark, France, and the Netherlands. In the first 11 months of 1956, the United Kingdom imported 197.6 million pounds of lard—an increase of 33.5 million pounds over the corresponding period of 1955. During this period, the U.S. share of British lard imports dropped from 82 percent to 76 percent. Argentina entered the U.K. lard market for the first time, but so far shipments from Argentina have been insignificant.

India Will Harvest Short Peanut Crop

India's 1956-57 peanut crop is expected to fall far short of the original record-level estimate. In fact it may be the same as last year's crop. Heavy rains in October and November reduced the number of pods per plant and created harvesting difficulties. The government is now prohibiting exports of peanuts and peanut oil and it is doubtful if any significant quantity will be exported later on this season.

Japanese Imports Strengthen Wool Market

The sharp rise in Japan's wool imports, mostly from Australia, has contributed to the strength of the world wool market in recent months. In 1956, Japan imported 291.5 million pounds of wool—a 42 percent increase over 1955. Value was upped by \$57 million. Raw wool now ranks third in value as a Japanese import commodity.

Syrian Drought Creates Livestock Problems

Syria has prohibited exports of all meats and meat products because drought this winter has caused a meat shortage and created a disease problem. The nomadic herdsmen have been forced—because of poor feed

conditions and limited pasture—to concentrate herds in areas where pasture is available; thus increasing the danger of disease. The government is ready to institute a vaccination program if it is needed to stop an epidemic.

U.S. Fish Oil Exports Decline Slightly

U.S. fish oil exports declined slightly in 1956. Western Europe—again the major market—took 97 percent of the total tonnage. West Germany and the Netherlands continue to be the principal buyers. West Germany bought nearly three times as much as in 1955, while exports to the Netherlands declined about 40 percent. Canadian imports dropped from 11,000 short tons in 1955 to 2,000 tons in 1956.

Indonesia Planning Tobacco Imports

Indonesia plans to permit the import of 19 million pounds of unmanufactured tobacco during 1957. About 13 million pounds will be imported under Title I of Public Law 480. The balance will be bought for foreign exchange.

Venezuela Boosts Baby Chick Quota

Venezuela increased the baby chick import quota for the first quarter of 1957 to over a million chicks. According to the Caracas press, the increase took place because local hatcheries did not produce enough baby chicks to fill the country's needs.

Is the United States Drinking Less Tea?

U.S. imports of tea in 1956 were down 3.5 percent from 1955 and 12.1 percent from the peak year, 1954. Ceylon supplied 42.1 percent, India, 31.1 percent, and Indonesia, 12.2 percent. Although total tea imports were down in 1956, green tea shipments increased by nearly 2 million pounds.

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Canada Selling More Wheat and Flour

Canada's wheat and flour exports for July-January were up 42.8 million bushels over the same period a year earlier. Of the 12 principal foreign outlets, the United Kingdom, West Germany, Japan, Belgium, the Netherlands, Switzerland, the Philippines, and Peru increased their takings. Czechoslovakia, Poland, and Russia, who got only 1.5 million bushels from Canada in the corresponding period a year ago, took more than 11 million bushels.

U.S. to Continue Cotton Export Program

The United States has announced that it will continue its cotton export program for the 1957-58 marketing year. Shipments of Commodity Credit Corporation stocks of upland cotton under the 1957-58 program will begin on August 15, 1957. As in the 1956-57 program, sales will be made on a competitive bid basis.

Short Greek Rice Crop Will Necessitate Imports

Greece will have to import about 33 million pounds of milled rice this year, as the 1956 rice crop was down

about 26 million pounds (milled) from 1955. The decline is attributed to reduced acreage. Because of lower foreign prices, farmers cut 1956 acreage to the level of about 5 years ago. At that time, Greek rice imports were about 30 million pounds a year, and the United States was a principal supplier.

Chile's Bean Exports Decrease Sharply

Chile's dry edible bean exports in 1957 will be about 40 percent below normal because of reduced acreage, drought, and frost. The "worst weather in 100 years" has lowered yields and damaged quality of the beans. An unusual quantity of split and broken beans is being harvested. The estimated exports of 450,000 bags include about 20,000 bags of carryover stock from the 1956 harvest.

Sudan Improves Trade Balance

Sudan increased its balance of trade from equivalent \$3.3 million during the first 8 months of 1955 to equivalent \$46.6 million in the same period of 1956. It has succeeded markedly in limiting imports and increasing exports. In 1956 the value of ginned

cotton exports increased 51 percent while rice and wheat imports declined about 50 percent compared with the previous year.

Philippine Market

(Continued from page 4)

of food imports is expected in the next few years. If a flour mill is established—and there is considerable pressure for one—wheat would be imported rather than flour. This could affect flour imports from the United States. Also, with the establishment of the two milk recombining plants, the Philippines will obviously take smaller quantities of evaporated milk from the United States. On the other hand, increasing quantities of dry milk solids will be required by the country's new evaporated milk industry. Domestic scarcity of proteins will probably mean larger meat imports in future years. So, despite efforts to overcome production problems and diversify agriculture, no critical fall-off of food imports should occur.

The real answer to maintaining a good share of the Philippine market is quality. High-grade food items, competitively priced and supported by aggressive sales representatives in the Philippines, can go a long way toward keeping up a trade relationship that for years has been important to both the United States and the Philippines.